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SUBJECT: Italy's Finance Police See IPR Protection as Key

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1. (SBU) Summary: In a recent discussion with Emboffs, Major General Nino di Paolo underscored the commitment of Italy's Finance Police (FP) to fighting IPR piracy. IPR protection has become a top priority for the FP as it has focused on the links between IPR pirates and organized crime. Di Paolo said that law enforcement has sufficient legal tools to investigate and arrest offenders. He saw magistrates, however, as either unwilling (in some cases) or too overworked (more often) to deal effectively with IPR criminals. The far more fundamental problem, in his view, is the pervasive lack of understanding and support from the Italian political elites and the public. Changing this will require long-term, systematic education and outreach efforts. End Summary.

2. (SBU) On May 12, Guardia di Finanza (Finance Police - FP) Major General Nino di Paolo hosted a luncheon for ECOMIN, Econcouns and Econ Specialist. Also participating from the FP were Brigadier General Francesco Polella, head of international affairs, and Colonel Paolo Granata, head of the Antifraud and International Cooperation office. The FP handles financial and economic crimes, including terrorism finance, money laundering, smuggling, tax evasion, counterfeiting and IPR piracy. Di Paolo is the third most senior official nationally in the FP.

3. (SBU) Di Paolo stated flatly that IPR protection is a top priority for the FP. The FP, he stressed, sees IPR piracy (copyright and trademark in particular) not as simple fraud or tax evasion, but as an integral part of organized crime. In fact, in certain areas of the country criminal organizations have used IPR piracy earnings to replace lost revenues from traditional but declining illegal activities, such as cigarette smuggling, with copyright and trademark piracy. Di Paolo expressed his conviction that treating piracy as a petty offence was a major mistake.

4. (SBU) The laws now on the books in Italy are adequate and provide enforcement agencies with sufficient legal tools, in Di Paolo's view. He argued that higher criminal penalties would not prove a significant deterrent to piracy. He pointed out that criminals are often involved not only in piracy but also arms trafficking, money laundering and other crimes, and sentences are already significant for those crimes. Those not involved in other criminal acts, however, tended to be lower level pirates, whom magistrates are reluctant to sentence to jail time.

5. (SBU) "Piracy can only be fought effectively if the Italian people's cultural approach to piracy is changed," stressed Di Paolo. His proposal was to initiate a systematic, long-term information and sensitization campaign -- starting with primary schools. Criminal and civil penalties, he said, are ineffective and difficult to implement "if a crime is not perceived as a threat and penalties are deemed inappropriate by the people." Di Paolo said that when his men raid arms dealers, bystanders on the scene applaud. However, when the same officers raid music and video pirates, bystanders object and argue.

6. (SBU) Di Paolo recognized that some magistrates tend to treat piracy as minor offences. He maintained, however, that many judges do recognize the seriousness of IPR crimes, yet must set them aside to handle murders and other violent crimes. In fact, Di Paolo explained, piracy is so closely linked to organized crime that major trademark and copyright piracy tends to be centered in areas of high criminal incidence. Naples, for example, is the top area for criminal piracy and also a center of organized crime violence. Magistrates under crushing workloads understandably give priority to murders and other violent crimes.

7. (SBU) Di Paolo and ECOMIN agreed that the Embassy and the FP would work to deepen and reinforce our mutual efforts in the fight against IPR piracy. Working with

our consulates and the IPR industry, we agreed to renew our plan of action against piracy, in light of lessons learned over the past few years.

18. (SBU) Di Paolo thanked ECMIN for the Embassy's

services in support of an important voluntary visitor program for senior FP officers conducted in April and for the continued inclusion of FP officers in the International Visitors program. Underscoring the longstanding and active collaboration between the FP and Embassy officials, Di Paolo expressed satisfaction that the relationship had expanded from enforcement activities to policy dialogue on issues such as money laundering and IPR protection.

19. (SBU) Comment: Under General Di Paolo's leadership, the FP has led Italy's fight against IPR piracy. We have found them both committed and realistic in their efforts, but largely unsupported by the public and political elites. We hear frequently from IPR industry representatives about excellent cooperation from the FP, which is subsequently undermined by magistrates' unwillingness to prosecute and convict. Di Paolo's less critical view of the magistrates may be simply a realistic assessment that he can expect no more.

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